

STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL

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BILL NO.: **Senate Bill 649**
Public Utilities – Telephone Lifeline Service -
Revisions

COMMITTEE: **Finance**

HEARING DATE: **March 7, 2017**

SPONSORS: **Senator Middleton**

POSITION: **Support**

Senate Bill 649 amends the Maryland Telephone Lifeline Service Law to ensure consistency with the recent changes to the federal Lifeline program. With regard to Lifeline service provided by regulated local telephone companies in Maryland (Verizon MD and Armstrong), the Bill adds clarifying definitions, conforms eligibility requirements to the new FCC rules, and clarifies the role of the Department of Human Resources (DHR) in determining automatic income eligibility until that role is taken over by the FCC. The Office of People's Counsel (OPC) supports Senate Bill 649.¹

The Lifeline program is a federal program that has helped limited income consumers pay for telephone service, whether for landline (wired) or wireless service. The program is administered by the Federal Communications Commission (FCC). The cost of the program is shared by all telephone customers through a monthly Universal Service Fund surcharge.

¹ With regard to the DHR role in certification, the Bill also clarifies that it may certify consumers as qualifying low-income consumers if they “use service other than local telephone service.” (Bill, page 5, lines 16-18). This could refer to wireless (cell phone) service and broadband service.

The FCC issued new rules in 2016 to make certain changes to the Lifeline program. There are two major changes of importance to Maryland consumers. First, Lifeline has been extended to broadband service. As of December 2, 2016, Lifeline assistance now is available for voice service, broadband service, or a bundle of the two services. Second, the FCC has changed the rules for automatic income eligibility for consumers. For Lifeline voice service provided by a Maryland regulated telephone company, this Bill conforms the Maryland automatic income eligibility rules to the new FCC eligibility rules (or any revisions thereto).

The Maryland Public Service Commission (Commission) obtained a waiver from the FCC to extend the compliance deadline for the new income eligibility rules to October 31, 2017. House Bill 1002 has an effective date of July 1, 2017, which would enable compliance at that earlier date.

The FCC rules, and this Bill, change the enumerated assistance programs for automatic income eligibility. Currently, Maryland consumers who participate in one of the following programs are automatically eligible for Lifeline service:

- Food Supplement Program (SNAP)
- Medicaid
- Energy Assistance (MEAP, EUSP)
- Supplemental Security Income (SSI)
- Temporary Cash Assistance (TANF)
- Section 8 (housing)
- School Lunch Programs (NSLP)
- Temporary Disability Assistance Program (TDAP)
- Public Assistance for Adults (PAA)
- Veterans Pension Program (as of December 2, 2016)
- Veterans Survivors Benefit Program (as of December 2, 2016)

This Bill modifies the list of participating programs, in conformance with FCC rules, to now include only the following:

- Food Supplement Program (SNAP)
- Medicaid
- Supplemental Security Income (SSI)
- Section 8 (housing)
- Veterans Pension Program
- Veterans Survivors Benefit Program
- Certain Tribal programs

The non-automatic income eligibility requirement remains at or below 135 percent of the federal poverty limit.

The Office of People's Counsel has worked with our national association, the National Association of State Utility Consumer Advocates (NASUCA), and the Universal Service Administrative Company (USAC), which currently administers the Lifeline program, to develop education and outreach materials about the changes to the Lifeline program. A copy of OPC's "Lifeline Assistance: A Consumer Guide" is attached to this testimony. It would be amended to reflect the new effective date.

The Office of People's Counsel urges a FAVORABLE report on Senate Bill 649.



Lifeline Assistance: A Consumer Guide

Changes Are Coming
For Maryland Consumers
On December 2, 2016 and
October 31, 2017
(Revised Dates)

Maryland Office of People's Counsel
www.opc.maryland.gov
1-800-207-4055
Contact OPC at DLInfo_OPC@maryland.gov

LIFELINE

What is Lifeline?

Lifeline is a federal program that helps limited income consumers pay for telephone (both landline and wireless) service. The cost of the program is shared by all telephone customers. In Maryland the program is called Tel-Life.

How does Lifeline work now?

The current Lifeline program provides discounts for phone service for eligible customers. Customers must apply to the program to get qualified. If you want to use the discount for your home phone, you can contact Verizon or Armstrong (in Cecil County). The discounts for Verizon can be found at the end of this Guide. The discount is \$9.25 per month. You only get the discount with a certified Lifeline service provider. The list of providers can be found at www.usac.org.

WHAT IS GOING ON?

Is Lifeline assistance going away?

No. The federal rules are changing. In fact, Lifeline assistance will be available for other services.

When will the changes take place?

The minimum standards and addition of broadband changes will take place on December 2, 2016, while, **for Maryland (and a few other states), the new eligibility rules will take effect on October 31, 2017.**

WHAT WILL BE NEW?

What changes are coming?

There will be two important changes for Maryland consumers. Beginning December 2, 2016, Lifeline assistance is now available for voice (home phone or cell phone), broadband (Internet) or a bundle of the two services. **The program changes the rules for automatic eligibility on October 31, 2017.**

What services will now be covered by Lifeline?

You can now apply Lifeline assistance to ONE of these options:

- Existing voice-fixed (home phone)
- Existing voice-mobile (cell phone)
- Standalone broadband (mobile or fixed)
- Existing or New bundles of voice (fixed or mobile) and broadband

BROADBAND SERVICES

When will the broadband changes take place?

The addition of broadband services took place on December 2, 2016,

What do “fixed,” “mobile” and “broadband” mean?

The rules use the term “fixed” to refer to a phone or broadband service that is wired into your home. The home phone is also called a “landline” or “wireline” phone, and the fixed broadband could include DSL

Internet service over a telephone line. The term “mobile” is used to refer to voice or broadband service that moves with you – it is “mobile.” Here, “broadband” refers to Internet service. A cell phone may have voice-only service. If it has mobile broadband, you can access the Internet on the phone.

What is the difference between a cell phone and a smart phone?

Every mobile phone is a cell phone. A cell phone offers voice and text services, and sometimes picture and video messaging.

A smart phone is a cell phone plus an operating system, so the device can perform many functions of a computer. A smart phone has a touchscreen and an operating system that lets you download applications (apps). It also lets you access the Internet, store data, and use emails and social network accounts. Phone companies sell different types of data plans with their phones – the more data you can use, the more you pay – and it can add up really quickly.

I have a smart phone and get Lifeline assistance. Doesn't Lifeline already cover broadband service?

No. Some Lifeline providers may offer smart phones in addition to regular cell phones, but it is not required. Plus, they usually charge you an extra fee. The smart phones may also be older phones. Even if you have a smart phone, the Lifeline discount only

applies to the voice service. You pay for the rest.

Under the new Lifeline rules, will I automatically get Internet as part of my Lifeline package?

No. The new rules only mean that you will be able to apply your discount to broadband or bundled services – it will be your choice. You COULD sign up for a new Lifeline broadband service or bundled service IF your current Lifeline provider gets approval from the Federal Communications Commission (FCC), or if you want to sign up with a different service.

But I don't want Internet service. Will I lose my Lifeline phone service?

Not necessarily. Under the new rules, your Lifeline telephone service provider (whether it's wireless or a landline) does not have to provide broadband Internet service, and you do not have to get it. A Lifeline provider does have to keep providing voice-only phone service unless it requests permission from the Maryland Public Service Commission to stop doing so.

OTHER LIFELINE CHANGES

Are there new minimum standards?

Starting December 2, 2016, a Lifeline service provider must now meet certain minimum standards. These standards apply to mobile voice, mobile broadband and fixed

broadband. The minimum standard of 500 minutes for mobile voice will apply for all subscribers, current and new.

**MINIMUM SERVICE STANDARDS
FOR LIFELINE VOICE AND BROADBAND
(as of 12/2/16)**

DATE	MOBILE VOICE	MOBILE BROADBAND	FIXED BROADBAND
12/1/16	500 minutes	500 MB and 3G	Speed: 10/1 Mbps Usage Allowance: 150GB
12/1/17	750 minutes	1 GB and 3G (under review)	To be determined

Will my current wireless Lifeline provider have to give me 500 minutes per month starting on December 2, 2016?

Yes.

There will be no change in the amount of assistance. The discount will be \$9.25 per month. The change is that the discount will apply to voice only, broadband only or bundled voice/broadband services. The amount does not increase even if the cost of broadband or bundled services is higher than voice only.

Are there any other changes for customers who must reenroll in 2017?

Yes. Every customer with a reenrollment date between December 31, 2016 and July 1, 2017 will recertify for Lifeline on July 1, 2017. If your reenrollment date comes after July 1, 2017, you will sign up a few months before your annual initiation date. Your service provider will send you a notice that reminds you to recertify your eligibility for the Lifeline Program and gives you instructions on how to do it.

Will there be any changes in the amount or type of assistance?

Will there be future changes to the discount level?

Yes. In future years, the plan is to phase out assistance for voice-only services. However, the current discount will still apply for the next few years, until November 1, 2019.

INCOME ELIGIBILITY

What are the current eligibility criteria for Lifeline?

Until October 31, 2017, you will be eligible for Lifeline assistance if you apply as a new or recertified customer AND meet one of the following:

*Household income at or below 135 percent of the federal poverty limit, **OR**

*Participate in one of these programs:

- Food Supplement Program (SNAP)
- Medicaid
- Energy Assistance (MEAP, EUSP)
- Supplemental Security Income (SSI)
- Temporary Cash Assistance (TANF)
- Section 8 (housing)
- School Lunch Programs
- Temporary Disability Assistance Program (TDAP) (landline only)
- Public Assistance for Adults (PAA) (landline only)
- Veterans Pension Program **(new program as of December 2, 2016)**
- Veterans Survivors Benefit Program **(new program as of December 2, 2016)**

What will be the new eligibility criteria on or after October 31, 2017?

For new Lifeline customers who enroll on or after October 31, 2017 or existing Lifeline customers who must recertify after that date, the program eligibility rules will have changed. You will be eligible if you:

*Earn 135 percent or less of the federal poverty limit (the same), **OR**

*Participate in one of these programs:

- Food Supplement Program (SNAP)
- Medicaid
- Supplemental Security Income (SSI)
- Section 8 (housing)
- Veterans Pension Program
- Veterans Survivors Benefit Program
- Certain Tribal programs

What happens if I qualified for Lifeline because I receive MEAP, EUSP, Section 8, School Lunch or a listed income benefit?

You stay in the Lifeline program until you have to recertify. After October 31, 2017, you will still be able to receive Lifeline assistance if you earn 135% or less than the federal poverty level, OR receive Food Supplement (SNAP), Medicaid, SSI, Section 8 or certain veterans' pension or survivor benefits (listed above). You will need to document participation in one of those programs.

Do the new rules affect my Maryland Tel-Life Service from Verizon?

Yes. Tel-Life Service is the name of the Lifeline program in Maryland.

Will other Lifeline rules stay the same (e.g., definition of household)?

Yes. These Lifeline rules will stay the same:

- Definition of household: any individual or group of individuals who live together at the same address and share income and expenses.
- A resident in a group home, nursing home, assisted living or similar facility can be certified as one household.
- A household is not permitted to receive Lifeline service from more than one provider. Violation of the

one-per-household rule will result in de-enrollment.

- There is an annual re-certification requirement.
- A Lifeline customer cannot transfer the benefit to any other person.

OTHER QUESTIONS

Will Lifeline service providers have to offer devices (landline, wireless, or smart phones) at no cost?

No. The Lifeline Program has never paid for the cost of phones, and will not pay for them under the new rules. A customer must pay for the devices, unless the provider offers you a free phone at its expense. Wireless providers often provide free cell phones.

Will Lifeline service providers have to offer a WiFi-enabled phone?

Yes. Each provider will have to offer at least one WiFi-Enabled Phone. Wi-Fi enabled means that a device can receive and transmit wireless signals through the use of a Wi-Fi network. Personal computers, mobile phones, tablets, digital cameras and video-game console systems are often Wi-Fi enabled. This allows you to access the Internet.

Once I enroll, can I transfer my Lifeline benefit from one Lifeline provider to another?

Yes, but there will be transfer limits under the new rules. This is called a “port freeze.”

A customer must remain with a new voice provider for at least 60 days. For broadband or bundled services, a customer must remain with a new provider for 12 months.

There are certain exceptions. The transfer limit does not apply if the customer moves, or the provider ceases operations, fails to provide services, imposes late fees not in compliance with the rules, or otherwise violates Federal Communications Commission (FCC) rules.

What happens if I sign up for Lifeline service with a new company?

If you switch providers, you would be considered a **new** Lifeline customer. The new eligibility and port freeze rules will apply to you. The new minimum standards and charges will also apply.

How do I sign up for new Lifeline services?

For the near future, you should contact an authorized provider for information about prices, terms and conditions of service, and eligibility requirements. You will sign up through the company directly.

DISPUTES

What if I have problems with a Lifeline provider? Where do I make a complaint?

First, you should contact the Provider to try to resolve the problem. If you are not satisfied, you can contact the

Office of the Attorney General of Maryland

Consumer Protection Division
 200 St. Paul Place
 Baltimore, MD 21202
 410-576-6550
 410-528-8662 Consumer Mediation Unit
 hotline
 1-888-743-0023 Attorney General's main
 switchboard (toll-free)
 E-mail: consumer@oag.state.md.us

You can also contact the Maryland Public
 Service Commission:
 PSC Office of External Relations
 6 St. Paul Street, 16th Floor
 Baltimore, MD 21202
 410-767-8028
 1-800-492-0474 (Press "0" and ask for
 "OER")

www.psc.state.md.us (online complaint)

The Maryland Public Service Commission
 certifies Lifeline providers and has
 regulatory authority over landline voice
 providers. It does not have regulatory
 authority over wireless or broadband
 providers.

If you have a complaint about deceptive or
 misleading advertising or contracts, contact

the Office of Attorney General of Maryland,
 as listed above.

For more general information on changes to
 the Lifeline program, contact the Universal
 Service Administrative Company (USAC)
[http://www.lifelinesupport.org/ls/changes-
 to-lifeline.aspx](http://www.lifelinesupport.org/ls/changes-to-lifeline.aspx)

For questions about the Lifeline program or this
 guide, contact OPC at www.opc.gov or
DLInfo_OPC@Maryland.gov.

CHARGES FOR VERIZON LANDLINE (VOICE ONLY)

Remains the same before and after December 2, 2016

Landline (Wired) Services: Verizon

Basic:	Single telephone line with a maximum of 30 un-timed local calls per month. Charge: \$0.66 per month You cannot have any premium services and must pay all applicable federal, state and local taxes. You will be charged for additional calls.
Enhanced:	Single telephone line with unlimited local calls. Customer may purchase two value-added services. Customers must pay all applicable federal, state, and local taxes. Charge: \$10.00 per month